



Farm Service Agency (FSA)

Strategic Plan

Table of Contents

Introduction 2-7

Key External Factors 2-8

Mission 2-8

Goals 2-8

Management Initiatives 2-23

Linkage of Goals to Annual Performance Plan 2-28

Resources Needed 2-28

Program Evaluation 2-29

Role of External Entities 2-30

Introduction

The Farm Service Agency (FSA) improves the economic stability of agriculture and the environment through commodity programs; farm ownership, operating, and emergency loans; conservation programs; domestic and overseas food assistance programs; and disaster programs. These programs provide a safety net to help farmers produce an adequate food supply, maintain viable operations, compete for export sales of commodities in the world marketplace, and contribute to the year-round availability of a variety of low-cost, safe, and nutritious foods. FSA considers environmental impacts in the development and implementation of program operations to ensure adequate protection of natural, cultural, and historic resources.

FSA was established when the U.S. Department of Agriculture (USDA) was reorganized under the Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994, P.L. 103-354 (Reorganization Act), incorporating programs from the Agricultural Stabilization and Conservation Service, the Federal Crop Insurance Corporation (now a separate agency—the Risk Management Agency (RMA)), and farm lending activities of the Farmers Home Administration.

Currently, FSA's programs are delivered in over 2,500 USDA Service Centers and 51 State Offices, including Puerto Rico. This network enables FSA to maintain close relationships with Agency customers and successfully address customer needs in an effort to continually improve the delivery of FSA programs.

Farm loan programs administered by FSA are authorized by the Consolidated Farm and Rural Development Act, as amended. The primary loan programs, which consist of farm ownership and operating loans, are available on either a direct or guaranteed basis. Direct loans are made and serviced by FSA, whereas guaranteed loans are provided and serviced by private sector lenders, with the additional protection of a Federal guarantee. Emergency loans are available only on a direct basis.

FSA is addressing historic shifts in the Federal Government's role in production agriculture. The Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127 (1996 Act), has resulted in major changes to FSA's price support programs, whereby farm commodity prices will be largely determined by market factors, rather than Government subsidies and production controls. This legislation was developed to encourage a thriving export business for American farmers and use of risk management tools such as the commodity futures market and revenue insurance programs.

These significant changes in agricultural policy must be accommodated within the framework of a balanced budget. The original fiscal year (FY) 1998 budget proposed to reduce FSA non-Federal employees by 1,850 staff years in FY 1998 and the number of field offices to 2,000 by the end of FY 1999. Anticipated FY 1998 Federal employment levels would have been reduced from 6,146 full-time equivalents to 5,877. These reductions would have resulted in a FSA workforce of about 9,800 non-Federal and 5,900 Federal employees.

To address changes in agricultural policy within the balanced budget framework, a summit of Congressional and Executive Branch agricultural leadership was conducted in June 1997. The results of the summit, and subsequent discussions, highlighted a need for USDA to achieve greater administrative efficiencies and suggested a wide range of roles for the Department in the future of production agriculture. In addition, an independent study will be conducted, under the auspices of the Secretary, to examine FSA and Natural Resources Conservation Service (NRCS) for opportunities to improve overall customer service and the efficiency of the delivery system. Results of the summit, subsequent discussions, this study, and additional studies will be incorporated in future iterations of the Strategic Plan.

The Reorganization Act provides the Secretary the authority to streamline and reorganize the Department to achieve greater efficiencies in the management of

USDA programs. Specifically, the Reorganization Act states, “Where practicable and to the extent consistent with efficient, effective, and improved service, the Secretary shall combine field offices of agencies within the Department to reduce personnel and duplicative overhead expenses.” The Secretary directed FSA, NRCS, and Rural Development (RD) to provide USDA customers with the best possible service at the least possible cost at “one-stop” USDA Service Centers. In response, FSA, NRCS, and RD, together with Cooperative State Research, Education, and Extension Service (CSREES), Forest Service (FS), and RMA, developed partnership agreements and created the National Food and Agricultural Council (NFAC) to facilitate implementation of USDA Service Centers. Likewise, State and local Food and Agricultural Councils have been created in each of FSA’s State Offices and Service Centers to promote timely and effective provision of USDA Service Center services.

To ensure that our programs are delivered efficiently and effectively through our State Offices, and take advantage of streamlining opportunities, FSA will cooperate with the Offices of the Assistant Secretary for Administration and the Chief Information Officer to implement the administrative convergence initiative. This initiative will consolidate the administrative resources and functions (financial management, human resources management, property and contracting, civil rights, and information resources management) both nationally and at the State level, for the Farm and Foreign Agricultural Services (FFAS) and RD mission areas and for all levels at NRCS.

Legislative initiatives and other Government-wide reforms have created new challenges and opportunities for FSA. Embodied in this Strategic Plan is the approach FSA will take for fiscal years 1998 through 2002 to implement the Reorganization Act, the 1996 Act, and all other applicable legislation; establish USDA Service Centers; and fulfill its mission of efficiently and equitably administering USDA’s farm and farm loan programs.

Key External Factors

Accomplishment of the goals and objectives included in this plan is dependent upon economic and weather conditions, adequate funding and staffing levels, new legislative requirements, and continued support and commitment from partners and coordinators. More explicit external factors are included under each goal.

Mission

To ensure the well-being of American agriculture and the American public through efficient and equitable administration of agricultural commodity, farm loan, conservation, environmental, emergency assistance, and domestic and international food assistance programs.

Goals

FSA has four major goals which address farm programs, conservation and environment, farm loans, and commodity operations.

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Goal 1

Farm Programs - Provide an economic safety net through farm income support to eligible producers, cooperatives, and associations to help improve the economic stability and viability of the agricultural sector and to ensure the production of an adequate and reasonably priced supply of food and fiber.

FSA administers programs to support production agriculture, including: Production Flexibility Contracts, Marketing Assistance Loans, Tobacco and Peanut Price Support Programs, and the Noninsured Crop Disaster Assistance Program (NAP). This goal is directly related to the Secretary's strategic goals 1.1 and 1.2.

■ Legislative Mandates

Agricultural Adjustment Act of 1938, Agricultural Act of 1949, No-Net-Cost Tobacco Program Act of 1982 (P.L. 97-218), Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994, and the 1996 Act

■ Partnerships and Coordination

NRCS-conservation compliance; Economic Research Service (ERS)-loan rate development, Karnal Bunt program; Agricultural Marketing Service (AMS) cotton, tobacco, and peanut classification, Potato Diversion Program; Animal and Plant Health Inspection Service (APHIS)-Karnal Bunt program, tobacco pesticide chemical analysis; Sugar Processors-loan payments; Cooperative Marketing Associations-loan and Loan Deficiency Payment programs; Loan Servicing Agents-cotton loan and Loan Deficiency Payment programs; Servicing Agent Banks-commodity loans; Commercial Warehouse Operators-commodity storage; National Cotton Council-cotton program administration; Tobacco and Peanut Associations-program administration; Marketing Card Contractors-tobacco and peanut marketing cards; U.S. Customs Service-tobacco and peanut import data; RMA-risk management tools; National Agricultural Statistics Service (NASS)-crop reference data for NAP

■ Objective 1.1

Maintain a high Agricultural Market Transition Act (AMTA) participation rate for eligible acreage.

Time Frame for Completion

September 30, 2002

Strategies for Achieving the Objective

Target eligible acreage released from the Conservation Reserve Program (CRP) for enrollment in AMTA, through outreach efforts, to maintain a high acreage enrollment level.

Performance Measure

Eligible acreage enrolled in the program, including acreage released from CRP (%).

Performance Target

98%

Baseline

98% (1996)

Program Evaluation

Upon issuance of AMTA payments in January, August, and October, a Contract Enrollment Data Report, PF-2R, is generated from the Kansas City Management

Office mainframe. This report will continue to be evaluated by the Production, Emergencies, and Compliance Division (PECD) and Economic and Policy Analysis Staff, located in Washington, D.C., to compare actual enrolled acreage to targeted enrolled acreage.

External Factors

- Commercial development on farmland.
- Fruit and vegetable, payment limitation, and/or conservation violations.

■ **Objective 1.2**

Provide marketing assistance loan and loan deficiency payment (LDP) programs enabling recipients to continue farming operations without marketing their product immediately after harvest.

Time Frame for Completion

Ongoing

Strategies for Achieving the Objective

- Obtain daily spot market prices from AMS.
- Electronically calculate daily and 5-day average market prices and pass back to AMS for public dissemination.
- Establish loan rates.
- In cooperation with AMS, ensure producers are aware of loan rates and current crop prices.

Performance Measures

- a. Revenue received by producer at loan settlement exceeds price at harvest (%)
- b. Eligible production, by commodity, for which loans and LDPs are made when loan rates exceed market prices (%)

Performance Targets

- a. 100%
- b. 60%

Baselines

- a. Will be established, by commodity, when loan rate exceeds market price.
- b. Will be established, by commodity, when loan rate exceeds market price.

Program Evaluations

A software program will be developed comparing adjusted daily terminal market prices, commonly referred to as the posted county price, at loan making to the posted county price at loan settlement for a randomly selected statistically representative sample of loans disbursed during the loan availability period for wheat, feed grains, cotton, and rice. The posted county price will be reduced to reflect storage costs incurred during the loan period. The Price Support Division, located in Washington, D.C., will evaluate this information to determine the extent to which revenue received at loan settlement exceeds prices at harvest.

A software program will be developed comparing the quantity of wheat, feed grains, upland cotton and rice, respectively, placed under loan or for which a LDP was received during the loan availability period to the total eligible quantity of

each respective commodity. The Price Support Division will evaluate this information to determine the proportion of eligible crops placed under loan or paid LDPs as market prices approach or fall below the loan rate.

External Factors

- Weather conditions which affect production, supply and demand, market prices, and loan rates.
- Ability to transport commodities to market in a timely manner.
- Availability of storage facilities.

■ **Objective 1.3**

Stabilize the price and production of tobacco and peanuts.

Time Frame for Completion

Ongoing

Strategies for Achieving the Objective

- Establish acreage allotments and poundage marketing quotas.
- Establish the price support loan level for tobacco and peanuts.
- Establish no-net-cost assessments to cover projected losses in operating the tobacco and peanut price support programs.

Performance Measures

- a. Average tobacco and peanut assessment (\$/pound)
- b. Average price per pound of tobacco and ton of peanuts (\$/pound,\$/ton)

Performance Targets

- a. 8 cents per pound or less for tobacco
.00366 dollars per pound for quota peanuts
.0004 dollars per pound for non-quota peanuts
- b. Tobacco prices to average at least \$1.70 per pound
Quota peanut prices to average at least \$610.00 per ton
Non-quota peanut prices to average at least \$132.00 per ton

Baselines

- a. Total assessment collections for marketing year 1996 averaged:
2.0 cents per pound for tobacco
.0035 dollars per pound for quota peanuts
.0004 dollars per pound for non-quota peanuts
- b. Prices received by producers in marketing year 1996 averaged:
\$1.87 per pound for tobacco
\$610.00 per ton for quota peanuts
\$132.00 per ton for non-quota peanuts

Program Evaluations

The Tobacco and Peanuts Division (TPD) receives daily, weekly, and year-end market news summary reports from AMS that enable TPD to identify the quantity of tobacco and peanuts being placed under price support loan, marketed, or introduced into the trade. These reports also enable TPD to compare average market

prices to price support loan rates established by the Secretary. TPD verifies actual loan receipts through the tobacco and peanut loan associations.

Prior to the beginning of each crop year, TPD determines funding available in Commodity Credit Corporation (CCC) trust accounts (no-net-cost accounts) to administer the tobacco and peanut price support programs and projects anticipated outlays and losses associated with these programs. Based on this evaluation, assessment rates are established for the upcoming crop year. Annually, TPD compares actual loan outlays to account balances of assessments to determine the actual tobacco assessment levels for the subsequent crop year.

External Factors

Tobacco and peanut prices are governed by economic principles of supply and demand. If supply increases or demand decreases, tobacco and peanut prices will decline, resulting in an increase in price support loans. Increased inventories and storage costs, combined with reduced sales proceeds, result in higher producer assessments.

■ **Objective 1.4**

Provide a financial assistance safety net to eligible producers when natural disasters result in a catastrophic loss of production or prevent planting of noninsured crops.

Time Frame for Completion

Ongoing

Strategies for Achieving the Objective

- Electronically provide approved crop price, yield, and payment factors to FSA State Offices, prior to beginning of the crop year for each applicable commodity.
- Delegate authority for area loss and crop eligibility approvals to FSA State Offices.
- Appraise losses and issue payments timely.
- Fully automate program functions.
- Issue a certificate of reporting compliance and Summary of Protection listing reported acreage, calculated actual production histories, and the guaranteed minimum yield to producers annually reporting acreage, production, and shares.

Performance Measures

- a. Number of crops for which price, average yield, and payment factors are approved prior to crop year (#)
- b. NAP area eligibility designation (days)
- c. Number of days between producer filing acreage and production reports and issuance of Summary of Protection (#)

Performance Targets

- a. 1600 crops
- b. 45 days
- c. 15 days

Baselines

- a. Will be established in FY 1998.
- b. 90 days (1996)
- c. Baseline will be established upon implementation of this initiative.

Program Evaluations

PECD will require State Offices to submit recommended prices and yields for approval prior to the beginning of the crop year. PECD will evaluate the timeliness of all submissions on an annual basis.

Time frames for NAP area eligibility designations will be automated at the State Office level. PECD will evaluate this information to determine the number of elapsed days from disaster to NAP area designation approval.

External Factor

- Producers not reporting crop acreage and production.
- The occurrence of natural disasters.

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Goal 2

Conservation and Environment - Assist agricultural producers and landowners in achieving a high level of stewardship of soil, water, air, and wildlife resources on America's farmland and ranches while protecting the human and natural environment.

FSA administers conservation and environmental programs including the CRP, Emergency Conservation Program (ECP), and the Hazardous Waste Management Program. This goal is directly related to the Secretary's strategic goals 1.1, 3.1, and 3.2.

■ Legislative Mandates

Title IV of the Agricultural Credit Act of 1978 (P.L. 95-334); Safe Drinking Water Act, as amended; Comprehensive Environmental Response, Compensation, and Liability Act, as amended; and Title XII of the Food Security Act of 1985, as amended.

■ Partnerships and Coordination

NRCS-land eligibility and environmental benefits for CRP; technical assistance for ECP; FS-forestry technical assistance for CRP; U.S. Fish and Wildlife Service-wildlife habitat and wetland technical advice for CRP; State and local Soil and Water Conservation Districts-administrative and technical support for CRP; Environmental Protection Agency-environmental technical advice, contamination levels; Argonne National Laboratories-site investigation and feasibility studies; Department of Energy-remediation contracting; State Departments of Health and Environmental Resources-remediation permit approval.

■ Objective 2.1

Improve environmental quality, protect natural resources, and enhance habitat for fish and wildlife, including threatened and endangered species.

Time Frame for Completion

Ongoing

Strategies for Achieving the Objective

- Maintain an enrollment of 36.4 million acres in CRP by conducting a regularly scheduled sign-up to enroll new acreage in the CRP and conducting a continuous CRP sign-up to enroll environmental priority practice acreage.
- Prior to each signup, evaluate and modify, if necessary, the environmental benefits index to ensure selected acreage offers the greatest environmental benefit
- Target the conservation needs of state and local communities by accelerating funding through the Conservation Reserve Enhancement Program.

Performance Measures

- a. Number of acres enrolled (#)
- b. Acres of highly erodible land retired (#)
- c. Trees or shrubs planted on enrolled acreage (%)
- d. Acres of environmental priority/water quality areas (#)
- e. Acres of riparian buffers and filter strips (#)
- f. Restored acres of wetlands (#)
- g. Established acres of enhanced wildlife habitat (#)

Performance Targets

- a. 36.4 million acres
- b. 15 million acres
- c. 12%
- d. 1.2 million acres
- e. 4 million acres
- f. 1.43 million acres
- g. 2.16 million acres

Baselines

- a-b. Will be established in FY 1998.
- c. 6% (1996)
- d-g. Will be established in FY 1998.

Program Evaluations

The Conservation Environmental Programs Division (CEPD) evaluates CRP bid files, CRP contract files, and reports generated by the Conservation Reporting and Evaluation System to determine the environmental benefits of CRP and, upon contract approval, the data is updated to reflect land use, land treatment, and environmental benefits.

Prior to annual payment issuance, Service Centers conduct on-site spot checks and review producer files to ensure conservation practices are maintained in accordance with program requirements.

External Factors

- Favorable market prices may not induce producers to retire cropland.
- Natural disasters or severe drought.
- Noncompliance with program provisions.
- Demand for enrollment may exceed authorized enrollment levels.

■ Objective 2.2

Provide Emergency Conservation Program funding for farmers and ranchers to rehabilitate farmland damaged by wind erosion, floods, hurricanes, or other natural disasters, and for carrying out emergency conservation measures during periods of severe drought.

Time Frame for Completion

Ongoing

Strategies for Achieving the Objective

- Request emergency funding to rehabilitate farmland damaged by natural disaster.
- Conduct on-site inspections to assess the extent of damage to farmland for which emergency funding is requested.
- Provide cost-sharing assistance to rehabilitate damaged farmland.

Performance Measure

Acres of damaged farmland rehabilitated (#)

Performance Target

Target cannot be determined because the type, extent, and frequency of natural disasters are unknown.

Baseline

1.4 million acres rehabilitated in 1996.

Program Evaluation

CEPD will evaluate ECP statistical reports generated by the Kansas City Management Office mainframe and Form AD-862, Conservation Reporting Evaluation System, to determine the number of rehabilitated acres.

External Factor

Obtaining appropriations sufficient to provide cost-sharing assistance to rehabilitate damaged farmlands.

■ Objective 2.3

Protect public health of communities contaminated by carbon tetrachloride through continued implementation of CCC's Hazardous Waste Management Program.

Time Frame for Completion

Ongoing

Strategies for Achieving the Objective

- Provide alternative water supplies such as new wells, connection to rural lines, or bottled water.
- Characterize and remediate contaminated sites.

Performance Measures

- Communities provided safe drinking water through remediation efforts (%,#)
- Site investigation costs (\$)
- Average amount of time to perform site investigations (months)

Performance Targets

a-c. Will be established in FY 1998

Baselines

- Measurement system will be established in FY 1998.
- \$900,000 per site (1996)
- 12 months (1996)

Program Evaluation

CEPD will review monthly engineering and construction progress reports to determine the status of remediation initiatives, including communities impacted by remediation efforts and time frames for completion. CEPD will also review the monthly billing statements to determine the costs incurred to perform remediation at each site.

External Factors

- Funding adequate to perform site investigation and remediation efforts.
- Adequate assistance from contractors and other Government entities to perform remediation efforts.

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Goal 3

Farm Loans - Assist eligible individuals and families in becoming successful farmers and ranchers.

FSA administers direct and guaranteed farm ownership, operating, and emergency loans. This goal is directly related to the Secretary's strategic goals 1.1, 1.2, and 1.3.

■ Legislative Mandate

The Consolidated Farm and Rural Development Act of 1961 (P.L. 87-128), as amended, authorizes the Secretary to make or guarantee loans to eligible farmers and ranchers, including farm operating, farm ownership, emergency, and soil and water loans.

■ Partnerships and Coordination

Commercial Lenders-originate and service guaranteed farm loans; Financial Institutions-guaranteed loan program improvement; States-direct and guaranteed loan program coordination

■ Program Evaluation

National Internal Review-Comprehensive review conducted annually in one-third of the State Offices to ensure that loan decisions are sound and that program implementation is in accordance with statutes and regulations. This evaluation process is conducted for the following four objectives:

■ Objective 3.1

Improve the economic viability of farmers and ranchers.

Time Frame for Completion

Ongoing

Strategies for Achieving the Objective

- Conduct quality farm assessments, which includes development of individual business plans encompassing business and personal financial objectives, and follow up.
- Address borrower performance problems promptly.
- Provide technical assistance and supervised credit.

Performance Measures

- a. Existing direct loan borrowers whose classification score improved (%)
- b. Direct loan borrowers graduating to commercial credit (%)

Performance Targets

a-b. Targets will be established once baselines are determined.

Baselines

a-b. Systems to track performance measures are being developed in FY 1998.

External Factors

- Widespread or prolonged natural disasters can significantly reduce farm production and, therefore, reduce net income.
- Substantial inflation in farm expenses.
- Depressed commodity prices.
- Failure of ranchers and farmers to take advantage of risk management tools.

■ Objective 3.2

Reduce losses in direct loan programs.

Time Frame for Completion

Ongoing

Strategies for Achieving the Objective

- Conduct and follow an aggressive farm assessment plan.
- Follow up on problem accounts in a timely manner.
- Resolve old problem cases.
- Actively market and sell inventoried property.

Performance Measure

Loss rate on direct loans (%)

Performance Target

5.2% (35% reduction in loss rate from 1996 baseline)

Baseline

8% (1996)

External Factors

- Widespread or prolonged natural disasters can significantly reduce farm production and, therefore, reduce net income.
- Substantial inflation in farm expenses.
- Depressed commodity prices.
- Failure of ranchers and farmers to take advantage of risk management tools.

■ **Objective 3.3**

Respond to loan making and servicing requests in a timely manner.

Time Frame for Completion

Ongoing

Strategies for Achieving the Objective

- Work with State Offices to process requests for declarations of disaster areas in response to natural disasters.
- Implement an aggressive market placement program, where FSA prepares and packages all necessary documentation for guaranteed loan applications.

Performance Measures

- Processing time for direct loans (days)
- Processing time for guaranteed loans (days)
- Direct loan borrowers whose accounts are over 90 days past due (%)

Performance Targets

- 18 days (20% reduction from FY 1996 baseline)
- 11 days (20% reduction from FY 1996 baseline)
- Will be established once the baseline is determined.

Baselines

- 23 days (FY 1996)
- 14 days (FY 1996)
- Will be established in FY 1998.

External Factors

- Substantially increased demand for services as a result of natural disasters or economic downturn.
- Additional legislative or regulatory requirements.
- Failure of other organizations to respond timely to information requests.

■ Objective 3.4

Maximize financial and technical assistance to under served groups to aid them in establishing and maintaining profitable farming operations.

Time Frame for Completion

Ongoing

Strategies for Achieving the Objective

- Provide counseling and supervision to direct and guaranteed loan borrowers by assessing and evaluating all aspects of their farming operations.
- Implement a market placement program for eligible borrowers, whereby FSA prepares and packages all necessary documentation for guaranteed loan applications and presents applications to commercial lenders for approval.
- Implement aggressive outreach efforts.

Performance Measures

Program loans made or guaranteed that are received by beginning and socially disadvantaged farmers and ranchers (%)

Performance Targets

18% (100% increase from FY 1996 baseline)

Baselines

Direct and guaranteed loans to socially disadvantaged farmers in FY 1996 (9%)

External Factors

- Availability of funding for travel, outreach training, and new updated informational materials.
- Adequacy of resources at the State and county level to provide outreach to targeted communities.
- Cooperation of community-based, social, and religious organizations in providing outreach to the targeted population.

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Goal 4

Commodity Operations - Improve the effectiveness and efficiency of FSA's commodity acquisition, procurement, storage, and distribution activities to support domestic and international food assistance programs, and administer the U.S. Warehouse Act (USWA).

FSA's commodity operations involve the acquisition, procurement, storage, and distribution of commodities, and management of the USWA. These activities help ensure achievement of domestic farm program price support objectives, produce a uniform

regulatory system for storage of agricultural products, and ensure the timely provision of food products procured for the domestic and international food assistance and market development programs. This goal is directly related to the Secretary's strategic goals 1.1, 1.2, 2.1, 2.2, 2.4, and 2.5.

■ **Legislative Mandates**

Warehouse activities are governed by: CCC Charter Act, as amended through P.L. 104-130, April 9, 1996, and the USWA of 1916, as amended. Procurement activities are governed by: National School Lunch Act, Sections 6 (a) and (e), 13, and 17; Emergency Food Assistance Act of 1983, as amended; Agricultural Trade Development and Assistance Act of 1954 (P.L. 480, Titles II and III), as amended; Food for Progress Act of 1985, as amended; and the Agricultural Act of 1949, Section 416(b), as amended.

■ **Partnerships and Coordination**

Commercial Warehouse Operators-commodity storage and handling; Food and Consumer Service (FCS)-domestic nutrition and feeding program administration; AMS-commodity procurement and inspection; Agency for International Development and Foreign Agricultural Service (FAS)-international humanitarian development and relief; Grain Inspection, Packers and Stockyards Administration (GIPSA)-processed grain products manufacturing inspection; Private Voluntary Organizations-international commodity distribution; Clemson University-technical assistance; Agricultural Research Service (ARS)-research and development of more nutritious products for feeding programs.

■ **Objective 4.1**

Reduce the percentage of USWA warehouse examination costs paid by CCC, thereby increasing the self-sufficiency of USWA examination operations.

Time Frame for Completion

September 30, 2002

Strategies for Achieving the Objective

- Revise USWA to streamline examination procedures.
- Increase the use of technology to expedite the examination process by evaluating electronic inventory devices, implementing electronic transfer of data/files, and converting paper files to electronic files (record scanning).

Performance Measure

USWA warehouse examination costs funded by CCC (% of total examination costs)

Performance Target

30%

Baseline

65% CCC funded (FY 1996)

Program Evaluations

Management monitors user fee expenditures to ensure that program costs do not exceed available funds. Additionally, warehouse examination results are reviewed

by individuals in the Kansas City Commodity Office to verify that examinations are adequate to ensure that facilities licensed under the USWA meet storage and handling requirements.

External Factors

- Warehouse industry willingness to fund warehouse examinations.
- Congressional support for revising USWA.
- Funding to obtain advanced examination technology.

■ Objective 4.2

Purchase processed commodities in a more timely and cost-effective manner and improve timeliness of processed commodity deliveries to customers.

Time Frame for Completion

Ongoing

Strategies for Achieving the Objective

- Streamline procurement processes and procedures by receiving vendor bids and awarding vendor contracts electronically, including evaluating the results of the Electronic Commerce Applications Pilot for export programs.
- Increase the number of commercial products purchased.
- Improve processed commodity vendor participation in contract bid process by offering long-term contracts (greater than 1 month).
- Track shipper/carrier contract compliance and establish procedures to ensure that shippers/carriers that do not meet contractual obligations are excluded from the bid process for a specified time.

Performance Measures

- a. Total processing time per bid (hours, minutes)
- b. On-time deliveries and shipments (%)

Performance Targets

- a. To be established upon completion of Electronic Commerce Applications Pilot-FY 1998
- b. 95%

Baselines

- a. To be established upon completion of Electronic Commerce Applications Pilot-FY 1998
- b. 80% (FY 1996)

Program Evaluation

Commodity shipments are tracked in the Processed Commodity Inventory Management System to determine if deliveries are made within stated contract provisions. Reports are generated on a monthly and quarterly basis and sent to FCS for review.

External Factors

- Inability of vendors to transmit bids electronically due to incompatible software and/or lack of electronic equipment.

- Vendors' ability to meet production requests in a timely manner.
- Inability to transport commodities due to inclement weather.

■ Objective 4.3

Improve the quality of processed commodities purchased.

Time Frame for Completion

Ongoing

Strategies for Achieving the Objective

- Implement Total Quality Systems Audit to improve the quality of processed commodities purchased for USDA food assistance programs.
- Ensure all vendors having USDA commodity procurement contracts complete Total Quality Systems Audit by September 2002.
- Benchmark quality assurance standards of major commercial processed commodity purchasers, such as major supermarket chains, to help ensure that goods we purchase are of the highest quality and meet contract requirements.
- Adopt international quality standards for manufacturing processed commodities.
- Distribute and collect customer satisfaction survey cards to evaluate customer satisfaction with USDA processed commodities.

Performance Measures

- Customers satisfied with quality of processed commodities (%)
- Companies participating in Total Quality Systems Audit that improved their standards for manufacturing processed commodities (%)

Performance Targets

- 95%
- 100%

Baselines

- Baseline will be established in FY 1998.
- 100%

Program Evaluation

The Total Quality Systems Audit, implemented in FY 1997, is used to evaluate the processed commodity manufacturing processes of vendors under contract with USDA to ensure product quality and reduce the cost of on-site inspections. Upon completion of the initial pre- and post-audit of the manufacturing process, vendors will be subject to periodic follow-up evaluations to ensure that their manufacturing process maintains the established high quality standards.

External Factors

- Lack of industry participation in Total Quality Systems Audit.
- AMS and GIPSA cooperation.
- Continued funding for Clemson support and FSA staffing necessary to complete the Total Quality Systems Audit.

Management Initiatives

To accomplish Goals 1 through 4, FSA, in cooperation with other agencies and mission areas, is implementing management initiatives in several areas, including equal employment opportunity and civil rights, program delivery, outreach, and administrative services, including financial management, information technology, procurement, and administrative convergence. These management initiatives relate to the Secretary's Management Initiatives 1 through 4.

To ensure our programs are delivered efficiently and effectively through our State Offices, and take advantage of streamlining opportunities, FSA will cooperate with the Offices of the Assistant Secretary for Administration and the Chief Information Officer to implement the administrative convergence initiative. This initiative will consolidate the administrative resources and functions (financial management, human resources management, property and contracting, civil rights, and information resources management) both nationally and at the State level, for the FFAS and RD mission areas and for all levels at NRCS.

■ Management Initiative 1

Provide fair and equal treatment in employment and the delivery of FSA programs.

FSA is committed to providing equal employment opportunity to all applicants and employees and ensuring protection of civil rights to all program applicants, recipients, and beneficiaries without regard to race, color, national origin, religion, sex, age, disability, marital status, and sexual orientation. Everyone will be treated with dignity and respect.

Time Frame for Completion

Ongoing

Strategies for Achieving the Management Initiative

- Address the concerns and recommendations identified in the Civil Rights Action Team Report.
- Improve workforce diversity by increasing the representation of women, minorities, and persons with disabilities in under-represented grade levels and occupations.
- Resolve complaints in a more timely manner by improving the complaints management process for program delivery and employment.
- Ensure that senior executives and supervisory managers are aware of Equal Employment Opportunity (EEO) and Civil Rights (CR) accomplishments and noncompliances.

Performance Measures

- a. Time to process program discrimination and employment complaints compared to processing times identified in Office of Inspector General's (OIG) February 27, 1997 Evaluation Report (%)
- b. Program discrimination and employment complaints (#)
- c. Representation of women, minorities, and persons with disabilities in targeted grade levels and occupations (%)

Partnerships and Coordination

FSA will continue to plan and implement actions to achieve EEO/CR initiatives in coordination with other agencies, including Office of Civil Rights, RD, NRCS, CSREES, and FS.

FSA maintains partnerships with employee organizations and American Federation of State, County, and Municipal Employees (AFSCME) Local 3925. Employment partners include educational institutions such as Historically Black Colleges and Universities, Hispanic Association of Colleges and Universities, and 1862, 1890, and 1994 Land-Grant Colleges and Universities.

To further ensure fair and equal treatment of employees and customers in the delivery of programs, FSA will coordinate activities, as necessary, with the Equal Employment Opportunity Commission, U.S. Commission on Civil Rights, and U.S. Department of Justice.

■ Management Initiative 2**Enhance the ability of small, limited-resource, and socially disadvantaged (SDA) family farmers/ranchers to operate successfully.**

FSA established the Outreach Programs Staff in FY 1997 to increase participation of small, limited-resource, and SDA family farmers and ranchers in Agency programs. Special emphasis is placed on the development and dissemination of information on FSA programs, assistance in improving farm management and financial analysis, and increased participation in County Committee (COC) nomination and election processes.

By increasing participation in FSA programs among small, limited-resource, and SDA family farmers and ranchers, we are serving those most in need of assistance and helping to ensure the well-being of American agriculture.

Time Frame for Completion

Ongoing

Strategies for Achieving the Management Initiative

Increase the number of small, limited-resource, and SDA family farmers and ranchers participating in FSA/USDA programs and the FSA COC system by maximizing financial and technical assistance and executing vigorous outreach efforts, with the assistance and cooperation of partner organizations.

Performance Measures

- a. SDA farmers and ranchers elected to hold COC positions (#,%)
- b. Farmers/ranchers approved for farm loans and farm program assistance by program, race, and gender (#,%)
- c. Small, limited-resource, and SDA family farmers/ranchers indicating that they have continuing farming/ranching operations as a result of assistance received through FSA programs (#,%)

Partnerships and Coordination

FSA works with the following to facilitate outreach efforts nationwide:

- CSREES
- 1862, 1890, and 1994 Land-Grant Colleges and Universities
- 1994 American Indian Community Colleges
- Professional Agricultural Workers

- Inter-Tribal Agricultural Councils
- Federation of Southern Cooperatives
- Arkansas Land and Farm Development Corporation
- Community-based, social, and religious organizations

■ Management Initiative 3

Maintain a high level of customer satisfaction regarding the delivery of FSA program operations.

FSA's vision includes providing equitable, friendly, effective, and efficient customer service. Maintaining high levels of customer satisfaction is consistent with our vision.

Time Frame for Completion

Ongoing

Strategies for Achieving the Management Initiative

- Conduct surveys and focus groups with customers to obtain feedback regarding satisfaction with delivery of FSA program operations.
- Issue payments in a more timely manner.

Performance Measures

- a. Customer satisfaction (%)
- b. Average number of days between NAP area eligibility confirmation and issuance of payment to producer (#)

Performance Targets

- a. 95% satisfaction in all program areas.
- b. Marketing Assistance Loans-3 days; NAP-7 days

Baselines

- a. 1996 survey results: AMTA-90%, Marketing Assistance Loans and LDPs-93%, NAP-88%, CRP-94%, Farm Loans-85%
- b. Marketing Assistance Loans-7 days, NAP-20 days

■ Management Initiative 4

Develop effective administrative management policies and procedures and information technology processes for FFAS, taking into consideration the unique operating requirements of each Agency.

Time Frame for Completion

Ongoing

Strategies for Achieving the Management Initiative — Financial and Information Resource Management

- Maintain financial data on FSA, FAS, and CCC operations to ensure timely and accurate reporting.
- Ensure the timely completion of audited financial statements for FSA, FAS, and CCC.

- Implement the Debt Collection Improvement Act of 1996 to ensure a more effective process for collecting debts due FSA and CCC.
- Implement electronic funds transfer for all Service Center initiated program and vendor payments
- Redesign current mainframe applications to reduce costs and time to transmit program data from the Service Centers to the Kansas City Management Office.
- Manage information technology as a portfolio of investments.

***Strategies for Achieving the Management Initiative —
Procurement Reform***

- Install the Department's Purchase Card Management System.
- Increase involvement of small and disadvantaged businesses in Agency procurement.
- Implement performance-based contracting.

Performance Measures - Financial and Information Resource Management

- Unqualified audit opinion on CCC financial statements (yes/no)
- Percent decline in the average age of delinquent debts (%)
 - Late payments for which prompt payment interest and penalties were paid (%)
 - Service Center initiated payments made by electronic funds transfer compared to total number of payments made (%)
 - Average volume of characters transmitted per month (#)
 - FTS 2000 telephone charges per month (\$)

Performance Measures - Procurement Reform

- Costs/transaction for small purchases using credit cards (\$)
- Contracts awarded to small, 8(a), small disadvantaged, and women-owned businesses (%)
- Service contracts that are performance-based (%)

Partnerships and Coordination

- FAS and RMA-Provide management support services to all agencies in the FFAS mission area
- NRCS, RD, and Office of the Chief Information Officer-Participate with Service Center partner agencies and the Department to coordinate investment decisions for information technology.
- NRCS, RD, and USDA's Office Of Operations-Work in cooperation to implement the Tri-Agency Purchase Card Management System
- Office of the Chief Financial Officer- Work in cooperation to ensure the Agency meets Department standards for financial reporting and consolidated financial statements.

■ Management Initiative 5

Achieve greater cost and operating efficiencies in the delivery FFAS programs by implementing integrated administrative management systems and reinventing/reengineering FFAS business processes and systems.

Time Frame for Completion

Ongoing

Strategies for Achieving the Management Initiative

- Implement a single, integrated Core Accounting System which meets the requirements of the Department's Financial Information System Vision and Strategy.
- Implement a paperless personnel processing system for use by FFAS agencies.
- Participate in the USDA Service Center Business Process Re-engineering (BPR) initiatives to modernize the administrative processes.
- Implement recommendations for administrative convergence of Service Center functional areas.

Performance Measures

- a1. Financial Management System material weaknesses identified in CCC's annual financial statement audit (#)
- a2. Mixed financial and program feeder systems that are reengineered/modernized and operational (%)
- b. Time needed to process personnel transactions (#)

Partnerships and Coordination

- Office of the Chief Financial Officer-Financial Information System Vision and Strategy.
- RMA and FAS-Provide management support services to all agencies in the FFAS mission area.
- NRCS and RD-Participate with Service Center partner agencies in BPR efforts and administrative convergence at the Service Center level.

■ Management Initiative 6**Ensure producer compliance with program provisions.**

FSA's mission mandates the effective and equitable administration of farm loan and farm programs. Producer compliance with program provisions is essential to mission accomplishment.

FSA monitors producer and association compliance with program provisions through a variety of techniques including on-site farm spot checks, warehouse and association spot checks, and payment limitation reviews.

Strategies for Achieving the Management Initiative

- Utilize Geographic Positioning System units for measuring acreage in the field.
- Utilize satellite imagery or other forms of remote sensing to verify crops and acreage.
- Perform payment limitation reviews.
- Conduct farm spot checks to ensure monies are used for intended purposes and ensure compliance with conservation provisions, planting restrictions, quotas and allotments, and other program provisions.
- Conduct annual spot checks at auction warehouses (tobacco) and buying points (peanuts) to ensure compliance with pesticide, marketing, and storage regulations.
- Conduct association and warehouse spot checks to ensure compliance with storage agreements and marketing assistance loan provisions.

Performance Measure

Compliance with program provisions (%)

Partnerships and Coordination

- NRCS and RD-Coordinate with Service Center partner agencies in BPR efforts designed to obtain Geospatial Information Systems (GIS).
- NRCS, FS, USGS, and State and local governments-Joint members with FSA in the National Digital Orthophoto Program which will fund and maintain a complete cover of digital imagery of the United States, utilizing GIS equipment.
- U.S. Geological Survey (USGS)-Will be utilized to purchase digital ortho-photography.
- Department of Defense (DoD)-FSA has entered into a NAVSTAR precise positioning agreement with DoD which enables FSA to access DoD satellite transmissions to operate FSA Global Positioning System (GPS) units. GPS is used to facilitate acreage compliance determinations and the identification of disaster-affected areas.

Linkage of Goals to Annual Performance Plan

The goals in the Strategic Plan reflect FSA's long-term direction over the next 5-years. FSA's Annual Performance Plan identifies intermediate, annual goals facilitating the achievement of the long-term goals identified in the Strategic Plan.

Performance measures, performance targets, and baselines are identified for each annual performance goal, enabling FSA to adequately assess achievement of short-term, annual goals identified in the Annual Performance Plan as well as long-term goals identified in the Strategic Plan.

Goal 1 is linked to the following budget program activities: Marketing Assistance Loans and LDPs, AMTA, Dairy Indemnity Payments, Sugar Program, Tobacco and Peanut Price Support and Production Control Programs, NAP, and State Mediation Grants. Goal 2 is linked to CRP, ECP, and the Hazardous Waste Management Program. Goal 3 is linked to Direct and Guaranteed Loan Programs. Goal 4 is linked to Commercial Warehouse Activities (Reimbursable), Domestic Nutrition and Feeding Programs, Foreign Food Aid Humanitarian & Developmental Assistance Programs.

The strategic plan performance measures are the same as those used in the annual performance plan, with the exception of Goal 3 and Management Initiative 5. Additional performance measures are included in these two areas to better measure incremental performance towards achievement of long-term targeted levels of performance identified in the strategic plan.

Resources Needed

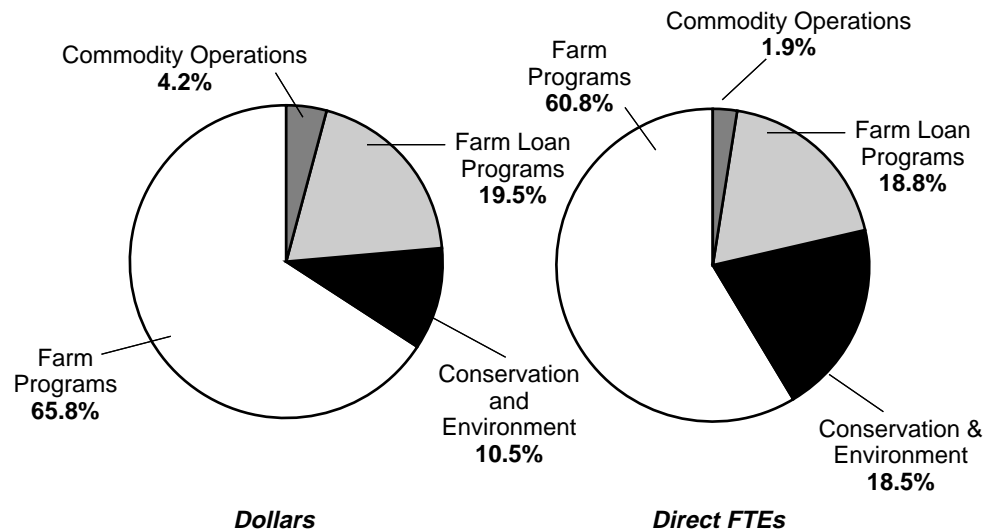
FSA's employees are our most valuable resource and help to ensure that customers receive quality service in a timely, cost-effective manner. The ability to maintain a high level of customer service is imperative for accomplishing FSA's mission. Administrative convergence, downsizing, and streamlining initiatives must be carried out in a manner that does not hinder program delivery and, ultimately, reduce customer satisfaction.

Investments in information technology are necessary to improve the effectiveness and efficiency of program operations and support functions. Resources are needed under Goals 1-3 to develop automated applications in Service Centers supporting accurate and timely applications and payments for farm, conservation, and farm loan programs. Resources are needed for Goal 4 to increase the use of technology to improve efficiency of the warehouse examination process.

As discussed in the Management Initiatives, FSA is currently in the process of

developing and implementing several management information systems including, Local Area Network/Wide Area Network/Voice in Service Centers, Common Computing Environment at selected Service Center test sites, Core Accounting System, Integrated Management Information System, Document Management Imaging System, and a paperless personnel processing system.

FY 1997 Budget Resource Allocations



Program Evaluation

Program evaluation findings were used in developing the Strategic Plan. For example, two General Accounting Office (GAO) reports stated that USDA's farm loan programs are highly vulnerable to waste, abuse, and mismanagement. FSA established an objective in Goal 3 to reduce losses in direct loan programs. A second example of how program evaluations were used in the development of the Strategic Plan is Management Initiative 5 where a key task is to implement a single, integrated Core Accounting System to produce a more efficient and effective financial management system. This addresses material weaknesses in our financial management systems identified in OIG audits of the CCC Financial Statements. These weaknesses are reported in our Federal Managers' Financial Integrity Act annual report to the President and Congress.

FSA will continue to evaluate the efficiency, effectiveness, and results of each of the goals, objectives, and management initiatives through over 50 internal program reviews, management control reviews, County Operations Review Program reviews, District Director reviews, OIG audits, GAO evaluations, and customer surveys. Evaluations will compare actual performance against targeted levels of performance as identified in Annual Performance Plans.

Role of External Entities

FSA's Strategic Plan was developed internally by personnel from all Deputy Administrator areas. FSA's goals, objectives, and management initiatives address the concerns and incorporate input from a variety of internal/external customers and stakeholders. The list of contributors includes:

- Agricultural Marketing Service
- American Bankers Association
- Animal and Plant Health Inspection Service
- Blue Ribbon Federal Warehouse Task Force
- Center for Rural Affairs
- Commercial Warehousemen
- Congressional Research Service
- Economic Research Service
- Environmental Protection Agency
- Farm Credit Council
- Farm Service Agency headquarters management and staff
- Forest Service
- General Accounting Office
- Independent Bankers Association
- Natural Resources Conservation Service
- Office of Management and Budget
- Office of the Chief Financial Officer
- Office of Inspector General
- Private lending institutions
- Rural Development mission area agencies
- State Office management and personnel
- Tobacco, Peanut, and other Loan Associations
- U.S. Fish and Wildlife Service
- Western Drought Coordination Council
- Western Governor's Association

FSA has also used focus groups and surveys to obtain customer/stakeholder input into development of the plan. Focus groups were held in 37 locations in 19 States, involving approximately 400 customers of USDA Service Centers. Two types of surveys were conducted, program participant and warehouse. Program participant surveys were conducted in 1994 and 1996.